

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Executive Department  
State of Louisiana  
Baton Rouge, Louisiana

February 12, 2003



***Financial and Compliance Audit Division***

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**Albert J. Robinson, Jr., CPA**

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**EXECUTIVE DEPARTMENT**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

Management Letter  
Dated January 9, 2003

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

February 12, 2003



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

January 9, 2003

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR**  
**EXECUTIVE DEPARTMENT**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2002, we considered the Executive Department's internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Reports of the Executive Department were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

In our prior management letter on the Executive Department for the year ended June 30, 2001, we reported findings relating to the internal audit function, inadequate fund balance - Patients' Compensation Fund, and leave use not required. These findings have not been resolved by management and are addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2002.

**Ineffective Internal Audit Function**

For the eleventh consecutive year, the Executive Department does not have an effective internal audit function to examine, evaluate, and report on its internal controls, including information systems, and to evaluate compliance with the policies and procedures that comprise controls. Act 12 of the 2001 Regular Session of the Louisiana Legislature requires agencies with budgets in excess of \$30 million to use existing program resources and the table of organization to establish an internal auditor position. Considering the size of the department's reported assets (\$478,781,557) and revenues (\$461,835,700), an effective internal audit function is important to ensure the department's assets are safeguarded and the department's policies and procedures are uniformly applied.

## LEGISLATIVE AUDITOR

### HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR EXECUTIVE DEPARTMENT STATE OF LOUISIANA

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The Executive Department should establish an internal audit function to provide assurance that assets are safeguarded and to ensure that management's policies and procedures are applied in accordance with management's intentions. Management concurred with this finding (see Appendix A, page 1).

#### **Inadequate Fund Balance - Patients' Compensation Fund**

For the eleventh consecutive year, the Executive Department, Patients' Compensation Fund Oversight Board, did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana law. Louisiana Revised Statute 40:1299.44(A)(6)(a) requires that a surplus of 50% of the annual surcharge premiums, reserves established for individual claims, reserves established for incurred but not reported claims, and expenses be maintained in the fund.

For the fiscal year ended June 30, 2002, the accumulated balance or surcharges, reserves, and expenses is estimated to be \$564,713,778, which under Louisiana law would require a fund balance of \$282,356,889. As of June 30, 2002, the actual fund balance was \$130,781,615 resulting in a shortfall of \$151,575,274. This shortfall resulted from practices in effect before the Patients' Compensation Fund Oversight Board was created, whereby rates for medical malpractice premiums were not set based on experience ratings, including historical losses, interest payments, and future medical amounts.

The Patients' Compensation Fund Oversight Board should establish an adequate rate level to achieve the 50% surplus requirement over a reasonable period of time. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 2-3).

#### **Subrecipients Not Monitored**

The Governor's Office of the Workforce Commission (OWC) did not obtain or conduct any quality control reviews (monitoring) of any subrecipients of Temporary Assistance for Needy Families (TANF) (CFDA 93.558) funds it administered during the fiscal year ended June 30, 2002. The United States Office of Management and Budget Circular A-133 requires a pass-through entity to monitor subrecipients for compliance with applicable federal laws and regulations.

The OWC entered into a Memorandum of Understanding (MOU) with the Louisiana Department of Social Services for OWC to administer the expenditure of TANF funds for adult education, basic skills training, job skills training, and retention services. Subsequent to that MOU, the OWC entered into a MOU with the Louisiana Community and Technical College System (LCTCS) to verify the eligibility of the participants, provide

## LEGISLATIVE AUDITOR

### HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR EXECUTIVE DEPARTMENT STATE OF LOUISIANA

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workforce preparation, and ensure necessary on-going child care and transportation assistance to participants to fully engage in training opportunities.

The OWC reimbursed \$1,665,472 to LCTCS but did not visit the LCTCS campuses or otherwise actively monitor the TANF activity at the campuses to determine if participants were eligible and whether evidence existed to support the expenditures charged to the TANF program. Failure to monitor subrecipient activity increases the risk that unallowable costs will be incurred and not be detected or corrected in a timely manner.

The OWC should visit the LCTCS campuses and actively monitor the activity and supporting documentation maintained by the LCTCS campuses to reduce the risk of questioned costs being incurred or not being detected timely. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 4-12).

#### **Leave Use Not Required**

For the sixth consecutive year, the Executive Office does not require its senior staff to charge annual or sick leave if they are out of the office for less than eight hours during the regular workday. Failure to require senior staff to use annual or sick leave when they are not conducting state business during normal working hours may constitute a donation of public funds, which is prohibited by Article VII, Section 14(A) of the Louisiana Constitution of 1974.

Senior management staff are not required to take leave if they contact the office at some time during the normal workday. Senior staff are considered on call at any time during a 24-hour period and are not permitted to earn compensatory time for work beyond a normal 8-hour workday. The Executive Office provided a list of 27 persons employed within that office to whom this policy applied. However, this policy stems from Executive Order MJF 98-23 and applies to all unclassified officers and employees in the unclassified services of the executive branch of government, with the exception of elected officials and their officers and employees and officers and employees of a "system" authorized by the Louisiana Constitution or legislative act to manage and supervise its own system. The Executive Office was not able to provide a complete listing of all persons statewide who are subject to the provisions of this Executive Order.

The Executive Office should establish policies that require all senior management staff to take leave when not conducting state business during their normal working hours. This statewide policy for unclassified employees should be reviewed to ensure accountability for state payroll expenditures. Management stated that the criticisms in the 2001-2002 legislative audit are based on a continued misinterpretation of the leave policy and its application to the Office of the Governor (see Appendix A, pages 13-14).

LEGISLATIVE AUDITOR

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA

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**Additional Comments:** We continue to believe that every employee should provide an accurate documentation of his/her work hours. Even when employees work irregular hours and/or are not allowed to earn compensatory time, accurate records should be maintained to demonstrate that every employee has worked at least 40 hours during a week or has appropriately taken leave, since they earn and accumulate annual and sick leave based on a 40-hour work week. Employees who earn leave but do not use that leave in all cases where it is appropriate to do so incur a cost to the state because employees are paid up to 300 hours of annual leave upon termination. Leave not paid in cash may be used to increase retirement benefits if the employee retires from one of the state systems. Because the current policy can be broadly interpreted, it is unclear if all employees to whom this policy applies are actually recording leave when they are unavailable to serve the governor.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the department should be considered in reaching decisions on courses of action. Findings relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the department and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA  
First Assistant Legislative Auditor

DL:MB:PEP:ss

[EXEC02]

## Appendix A

### Management's Corrective Action Plans and Responses to the Findings and Recommendations





State of Louisiana  
DIVISION OF ADMINISTRATION  
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.  
GOVERNOR

September 4, 2002

MARK C. DRENNEN  
COMMISSIONER OF ADMINISTRATION

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Re: Audit Comment-Lack of Internal Audit Function in the Executive Department

We concur with the finding on this issue. The department, by oversight, did not submit a request for the FY 2001-02 for this purpose. A request for this purpose was submitted for FY 2002-03, however, it was not approved. While funding is an issue, a more important factor has prevented implementation within this agency. Although Civil Service positions have been established, it remains our opinion, that the pay grade allocations provided are inadequate to attract the level of personnel having the qualification to perform this function. Filling of positions with personnel not having the experience and qualifications to perform the functions is not a practical resolution.

As noted in our February 11, 2002, Single Audit response discussions were held with the Inspector General's Office regarding utilization of their resources to provide specific and limited internal audit functions to the Division of Administration. We would point out that during the recently completed fiscal period, and continuing into fiscal year 2002-2003, the Inspector General (IG) has provided resources to perform a limited operational audit within the Office of Risk Management and has committed to continue to provide resources for this purpose.

Sincerely,

Mark C. Drennen  
Commissioner of Administration

MCD/wjk

# State of Louisiana



PATIENTS' COMPENSATION FUND  
OVERSIGHT BOARD  
OFFICE OF THE EXECUTIVE DIRECTOR  
650 NORTH SIXTH STREET  
BATON ROUGE, LA 70802  
(225) 342-6052  
FAX (225) 342-6053

October 21, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Inadequate Fund Balance

Dear Dr. Kyle:

We concur with the audit finding against the PCF for failing to achieve the fund surplus as required by the medical malpractice statute; however, this agency continues to make steady progress in reducing the unfunded liability.

The statute mandates that the Fund must be maintained so as to provide a surplus of 50% of the total of the annual surcharge premiums, current claim reserves, reserves for anticipated claims and expenses. When the Oversight Board assumed the responsibility for the Fund in late 1990, it inherited a large fund deficit. Ten years ago the Fund had a surplus of approximately 9%. While it is true that the Fund has not reached the proper surplus, there has been significant headway made and at the close of the FY 01/02, the surplus had grown to 23.2%. Last fiscal year the surplus was 21.7%. Rate increases have been requested every year, although the Louisiana Insurance Rating Commission did not grant increases in 1995, 1996 and 1999. This year, an overall increase of 19 % has been requested by the Board, with an anticipated effective date of January 1, 2003.

In addition, a fee schedule has been established and is being used to limit expenditures in cases in which the Fund is responsible for ongoing medical payments. The expected reduction in claim expenditures should have a direct impact on the level of the surplus.

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Claims are also regularly reviewed to ensure appropriate reserves are set and closures are done timely so that pending exposures are as correct as possible.

The Board is very aware of the need to be appropriately funded and continues to take steps to meet the goal as set forth in the statute, while at the same time, ensuring affordable medical malpractice insurance is available for both the health care providers benefit and the benefit of truly injured parties.

Despite the fact that the surplus is below the statutorily mandated level, the Patient's Compensation Fund has always met its obligations and will continue to do so in the future. The Board will continue to ask for any actuarially recommended rate increases and monitor reserves in hopes of reaching the appropriate level of surplus funds.

Should there be any questions or additional information needed, please contact me at 342-6051.

Sincerely,

A handwritten signature in cursive script, reading "Lorraine LeBlanc".

Lorraine LeBlanc  
Executive Director



M. J. "MIKE" FOSTER, JR.  
GOVERNOR

## State of Louisiana

OFFICE OF THE GOVERNOR

Baton Rouge

70804-9004

POST OFFICE BOX 94004  
(225) 342-7015

November 27, 2002

Dr. Daniel G. Kyle, Ph. D., CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This is in response to your notification of the audit finding entitled "Executive Department; Sub-receipts Not Monitored". We concur with your finding, and we have implemented a corrective action plan. I would also like to add that, although we were given budget authority for TANF for the entire fiscal year 2001-2002, the MOU with DSS referred to in your audit report was not effective until October 1, 2001. The first year was spent in development and implementation. Campuses were visited during these phases, and some degree of monitoring did take place; however there was no official monitoring plan developed in the beginning. During the first months, we were more concerned with monitoring the implementation to assure that campuses were doing everything they could to reach as many students as possible.

In June of 2002, Carla Landry, Fiscal Facilitator, has developed a monitoring plan to determine if LCTCS is verifying eligibility of participants and if evidence exists to support expenditures. Site visits began in September of 2002, and beginning in October of 2002 each Community College and Louisiana Technical College Campus will be visited twice a year. During the visit, participant records are examined to determine that the participant is eligible for the services they are receiving. Student's transcripts and attendance records are also examined to determine if documentation exists to support tuition fees, supply reimbursements, child care and transportation costs. Visits will continue until the end of the TANF program year in August of 2003. If TANF is reauthorized, monitoring will continue.

Attached is the complete monitoring plan with corrective actions and the monitoring instrument used during a site visit. If you have any questions or need any additional information, please call me or Carla Landry at 342-2462.

Sincerely,

A handwritten signature in cursive script that reads "Chris Weaver".

Chris Weaver, Director  
Louisiana Workforce Commission.

## ***LOUISIANA WORKFORCE COMMISSION TANF MONITORING PLAN***

- Monitoring site visits shall be made by the TANF State Monitoring Team, comprised of members of the Workforce Commission Staff. The team will be headed by the Workforce Commission Fiscal Facilitator. Each site shall be monitored for evidence and/or documentation to support monthly progress reports and compliance with eligibility requirements.
- The site (LTC campus or Community College) will be sent a pre-visit questionnaire. The questionnaire must be completed and sent back to monitoring team one week before the visit. Monitoring team will plan details of visit according to questionnaire responses.
- The following information will be sought as evidence of progress and compliance
  - ✓ Evidence of recruitment efforts: flyers, brochures, mailing lists, posters, advertisements, waiting lists, etc.
  - ✓ Evidence of eligibility compliance: TANF EZ forms, birth certificates, paycheck stubs, etc.
  - ✓ Action Plans; must include:
    - ▶ screening
    - ▶ assessment of literacy
    - ▶ description of general training needs to meet career goals
    - ▶ goals and objectives outlined with at least 1 WFC performance outcome identified
    - ▶ update of plans w/ signed copies of session records
    - ▶ exit interviews; signed by both counselor and participant
    - ▶ forms must include signatures of counselor and participant
  - ✓ Transcripts/registration records of students
  - ✓ Evidence of upgrade training (classroom, shop, lab, etc.; monitor must go to offsite location if necessary)
  - ✓ Evidence of non-duplication of services.
  - ✓ Evidence of accurate use of web-based participant data entry system
- TANF State Monitoring Team will visit at least 3 sites per month with priority given to those sites which are poor performers.
- A report shall be sent to the site listing all findings and corrective actions to be taken. College shall be given one month to respond to report and/or correct deficiencies found in the program.
- Corrective action: If a pattern of non-compliance is evident from the sample tested, the college will be given one month after receipt of monitoring report to get in compliance or correct finding. College will be revisited after the one month period, and if still non-compliant, these corrective actions shall be taken:

- ▶ Any funds used to provide services to participants found ineligible shall be refunded to the Workforce Commission along with the proportionate amount of advising and administrative funds.
- ▶ Advising funds shall be refunded to the Workforce Commission if Employment Education Action Plans are not complete and regular counseling sessions are not held.
- ▶ Any funds used for costs of any upgrade projects that are not in compliance with the proposal submitted shall be refunded to the Workforce Commission.
- ▶ Any funds used to provide services to students who were also receiving services from another financial aid program shall be refunded to the Workforce Commission.
- ▶ Funds returned to the Workforce Commission shall be reallocated to other campuses and/or upgrade projects. Schools found to be non-compliant shall not be eligible for any more tuition allocations or upgrade projects, respectively.

**Contact Person (s):**

**Tuition Assistance:**

**Upgrade Projects:**

**PART I: UPGRADE PROJECT VISIT AND INTERVIEWS**

List classes visited:

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1.

| <b>View class (discuss with teacher):</b>                                  | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Is class taking place?  |            |           |
| B. Is subject matter taught relevant to upgrade project?                   |            |           |
| C. Are students attending class?   |            |           |
| D. Are TANF participants present? If YES, what ratio of students are TANF? |            |           |
| E. Take photo of class (optional)  |            |           |

**PART II: INTERVIEW COLLEGE TANF STAFF – UPGRADE PROGRAM**

List staff interviewed:

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Questions to ask staff (NOTE to monitor: Questions here refer to UPGRADE Services only):

What is frequency of contact with your field coordinator regarding Upgrade projects?

How would you describe the quality of guidance regarding upgrade projects from the field coordinator?

Have you attended any regional planning meetings? If yes, how many? If no, why not?

What are some suggestions you may have to improve the quality of upgrade services provided to the TANF recipients?

### **PART III: VIEW DOCUMENTATION – UPGRADE PROGRAM**

1.

| <b>Recruitment Efforts</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Are there flyers, posters, brochures, mailing lists, or other forms of documentation that support the college's recruiting efforts? |            |           |
| B. Are recruiting materials being used at campus location? Look for posters, flyers, etc. at campus. Takes pictures of possible        |            |           |

2.

| <b>Eligibility Compliance (a minimum of 5 files or 10% of files shall be reviewed)</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Are TANF EZ forms on file?  |            |           |
| B. Are TANF EZ forms signed by participant?  |            |           |
| C. Is documentation on file verifying <b>parenthood</b> ? (At least one form of documentation must be filed: child's birth certificate, income tax filing w/ dependents, DSS or court documentation establishing paternity, guardianship or adoption)                    |            |           |
| D. Is documentation on file verifying <b>assistance</b> ? (At least one form of documentation must be filed: DSS documentation stating participant is recipient of FITAP, SSI, Medicaid, LaChip, Food Stamps, Free or reduced lunch, CCAP or KCSP) [if "YES", skip to F] |            |           |
| E. (Answer only if D is "NO") Is documentation on file verifying <b>income and family size</b> (most recent tax filing w/ dependants listed, pay stub if employed less than 1 year, birth certificate from <b>each</b> child)  |            |           |
| F. Is participant receiving transportation and/or child care for over 120  |            |           |



|  |  |  |
|--|--|--|
| days? [If "NO", skip to part "3" below]  |  |  |
| G. (Answer only if F is "YES") Is participant employed and is there supporting documentation? (pay stub, or letter from employer)                              |  |  |
| H. Is participant 18 years of age or older?  |  |  |
| I. If participant has been enrolled for more than one year, is eligibility verification current? (eligibility verification must be updated after ONE (1) year) |  |  |

3.

| <b>Advising Functions: (minimum of 5 plans or 10%)</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| Do Action Plans include:   |            |           |
| Assessment of literacy   |            |           |
| Goals and objective outlined with at least 1 WFC performance outcome identified                    |            |           |
| Update of plans w/ signed copies of session records  |            |           |
| Exit interviews; signed by both counselor and participant  |            |           |
| Signatures of counselor and participant  |            |           |
| (NOTE: newer participants may not have all components of Action Plan, check enrollment date first) |            |           |

4.

| <b>Class Documentation</b>                          | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| A. Are participants registered for courses?         |            |           |
| B. Are class attendance records kept?               |            |           |
| C. Is student performance measured?<br>If YES, how? |            |           |

5.

| <b>Evidence of Partnering Agencies providing services</b>     | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| A. Are there contracts with the partners providing services?  |            |           |
| B. Are there records of services provided, deliverables, etc? |            |           |
| C. Are there records of monitoring the service providers?     |            |           |

#### **PART IV: INTERVIEW TANF STAFF – TUITION ASSISTANCE PROGRAM**

List staff interviewed:

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Questions to ask staff (NOTE to Monitor: Questions here refer to TUITION Services only):

What is the frequency of contact with your field coordinator regarding tuition services?

How would you describe the quality of guidance regarding tuition services from the field coordinator?

Have you attended any regional planning meetings? If yes, how many? If no, why not?

What are some suggestions you may have to improve the quality of tuition services provided to the TANF recipients?

#### **PART V: VIEW DOCUMENTATION – TUITION ASSISTANCE PROGRAM**

1.

| <b>Recruitment Efforts</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Are there flyers, posters, brochures, mailing lists, or other forms of documentation that support the college's recruiting efforts? |            |           |
| B. Are recruiting materials being used at campus location? Look for posters, flyers, etc. at campus. Takes pictures of possible        |            |           |

2.

| <b>Eligibility Compliance (a minimum of 5 files or 10% of files shall be reviewed)</b> | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Are TANF EZ forms on file?  |            |           |
| B. Are TANF EZ forms signed by participant?  |            |           |
| C. Is documentation on file verifying <b>parenthood</b> ? (At least one form of        |            |           |

|   |  |  |
|---|--|--|
| documentation must be filed: child's birth certificate, income tax filing w/ dependents, DSS or court documentation establishing paternity, guardianship or adoption)   |  |  |
| D. Is documentation on file verifying <b>assistance</b> ? (At. least one form of documentation must be filed: DSS documentation stating participant is recipient of FITAP, SSI, Medicaid, LaChip, Food Stamps, Free or reduced lunch, CCAP or KCSP) [if "YES", skip to F] |  |  |
| E. (Answer only if D is "NO") Is documentation on file verifying <b>income and family size</b> (most recent tax filing w/ dependants listed, pay stub if employed less than 1 year, birth certificate from <b>each</b> child)   |  |  |
| F. Is participant receiving transportation and/or child care for over 120 days? [If "NO", skip to part "3" below]   |  |  |
| G. (Answer only if F is "YES") Is participant employed and is there supporting documentation? (pay stub, or letter from employer)   |  |  |
| H. Is participant 18 years of age or older?   |  |  |
| I. If participant has been enrolled for more than one year, is eligibility verification current? (eligibility verification must be updated after ONE (1) year?  |  |  |

3.

| <b>Advising Functions: (minimum of 5 plans or 10%)</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| Do Action Plans include:   |            |           |
| Assessment of literacy   |            |           |
| Goals and objective outlined with at least 1 WFC performance outcome identified                    |            |           |
| Update of plans w/ signed copies of session records  |            |           |
| Exit interviews; signed by both counselor and participant  |            |           |
| Signatures of counselor and participant  |            |           |
| (NOTE: newer participants may not have all components of Action Plan, check enrollment date first) |            |           |

4.

| <b>Class Documentation</b>                          | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| A. Are participants registered for courses?         |            |           |
| B. Are class attendance records kept?               |            |           |
| C. Is student performance measured?<br>If YES, how? |            |           |

5.

| <b>Non-duplication of Service</b>   | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| Are there safeguards in place to assure non-duplication of services? If YES, what is the college doing to assure non-duplication of services? |            |           |

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

## VI. AUDIT PARTICIPANT DATA ENTRY

1.

| <b>Data entry</b>   | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| A. Is participant data entered in web-based data system for EVERY participant? (NOTE: # of entries must be equal to # of unduplicated enrollees for answer to be "YES") |            |           |
| B. Are participant's Social Security numbers entered accurately? (Spot check files that were pulled earlier)  |            |           |

2.

Ask contact for feedback on use of web-based data entry system.

## PART VII: CAPACITY-BUILDING GRANTS

1.

| <b>Early Childhood Education</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Is there a facility using the funds for expansion of an Early Childhood Education program?              |            |           |
| B. Has student enrollment expanded in the Early Childhood Education program? If yes, what evidence exists? |            |           |
| C. Has client enrollment expanded at the Day Care facility? If yes, what evidence exists?                  |            |           |

2.

| <b>Workplace Literacy Grants</b>   | <b>YES</b> | <b>NO</b> |
|--|------------|-----------|
| A. Has the college received AND installed the computers and equipment necessary to implement the Workplace Literacy Assessments? |            |           |
| B. Has the college hired a Workplace Literacy Instructor(s)? If yes, state person's name(s):                                     |            |           |
| C. Has the Instructor attended a Workplace Literacy training?  |            |           |
| D. Have participants completed the Workplace Literacy Assessments? If yes, what evidence exists?                                 |            |           |



# Memorandum

Office of the Governor

**TO:** Daniel G. Kyle  
Legislative Auditor

**FROM:** Cy Buchert *CAB*  
Assistant to the Governor for Finance and Administration

**DATE:** December 5, 2002

**RE:** 2001-2002 Legislative Audit of the Executive Department, Executive Office

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Executive Order No. MJF 98-23, as amended, (hereafter "MJF 98-23") sets forth the formal policy and rules for most unclassified officers and employees in the executive branch of the state of Louisiana.<sup>1</sup> It may also constitute implied or express conditions of employment or an employment contract.

The Governor's policy on the use of annual and sick leave by unclassified officers and employees as set forth in MJF 98-23, particularly in subsections 2(O), 7(A), 8(A), and 21(A)<sup>2</sup>, (hereafter "leave policy") has been annually criticized by the Legislative Auditor. However, the criticisms in the 2001-2002 legislative audit<sup>3</sup> are based on a continued misinterpretation of the leave policy and its application by the Office of the Governor.

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<sup>1</sup> Subsection 1(A) of MJF 98-23 provides that the rules and policies in the executive order are applicable to all officers and employees in the unclassified service of the executive branch of the state of Louisiana with the exception of elected officials and their officers and employees, and the officers and employees of a system authorized by the Louisiana Constitution or legislative act to manage and supervise its own system. See Attorney General Opinion No. 98-253 which opined that a similar provision in Executive Order No. MJF 96-79, Governor Foster's prior policy and rules on leave for the unclassified service, exempted the Department of Insurance from the Order. Compare Attorney General Opinion No. 89-216, which opined that the Department of Elections and Registration was excluded from application of Executive Order No. BR 88-23.

<sup>2</sup> The provisions of subsections 2(O), 7(A), 8(A), and 21(A) apply to those officers and employees in the unclassified service of the executive branch of state government to which MJF 98-23 is applicable and fulfill the definition of "unclassified appointee."

<sup>3</sup> Two such examples are: "For the sixth consecutive year, the Executive Office does not require its senior staff to charge annual or sick leave if they are out of the office for less than eight hours during the regular work day"; and "Senior management staff are not required to take leave if they contact the office at some time during the normal workday."

The Office of the Governor supports the efforts of the Legislative Auditor to help agencies operate more appropriately and in greater compliance with pertinent state laws and to detect error and fraud in a timely manner. However, we strongly disagree that mere application of subsections 2(O), 7(A), 8(A) and 21(A), as those provisions relate to senior staff in the Office of the Governor, creates a lack of accountability for payroll expenditures, or may constitute prohibited donations under Article VII, Section 14(A) of the Louisiana Constitution of 1974. Neither the leave policy set forth in MJF 98-23, nor its proper application, constitutes a prohibited donation as the leave policy is in congruity with the nature of the services rendered, is a uniform policy formally adopted by the Governor, and is reasonable. Where valid suggestions have been made, the Office of the Governor has taken prompt action to improve its leave policy and ensure accountability for state payroll expenditures.

The leave policy recognizes that senior staff of the Office of the Governor are annual salaried employees instead of hourly employees. They do not work only in the office, work only during weekday public office hours, or earn compensatory leave even though extraordinary hours may be worked. Pursuant to MJF 98-23, senior staff are required to be on duty, available to serve, and in contact with the Office of the Governor and/or its officers and/or employees, twenty-four hours a day, seven days a week, without regard to vacations, holidays or weekends. Therefore, pursuant to MJF 98-23, these senior staff take or use leave only when they are unavailable to serve the Governor as a result of voluntary or involuntary conditions, performing political activities, or performing for compensation non-appointment activities, duties, or work, during weekday public office hours.

Under the leave policy, if during weekday public office hours a senior staff member of the Office of the Governor is not performing work related duties and is voluntarily or involuntarily unavailable to serve or be contacted by the office, the senior staff member is to take leave for the period of unavailability during weekday public office hours.

The Office of the Governor has and continues to evaluate guidelines interpreting "available" and "unavailable" as the terms are used in the leave policy, particularly in subsections 2(O), 7(A) and/or 8(A). The Office of the Governor will continue the process of reviewing whether existing internal control procedures need strengthening.